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PROVISIONAL ACTIVITIES OF THE PROGRAMMES UNDERTAKEN IN THE BALTIC STATES AND THE COMMONWEALTH OF INDEPENDENT STATES

Report of the Administrator

SUMMARY

UNDP is implementing a strategy that is conducive to integrated United Nations assistance in the Baltic States and the Commonwealth of Independent States. The physical United Nations presence that these countries need may take the form of United Nations Interim Offices or UNDP temporary offices. Inter-agency coordination is being pursued within the Joint Consultative Group on Policy and the Administrative Committee on Coordination, while specific agreements are being reached with several international organizations. UNDP is introducing innovative and cost-effective methods for the management of its programmes, including strategy-based functional management, an expanded network approach for operations and a wide area network of communications. In addition to administrative resources contributions in cash and in kind have been mobilized to extend coverage to as many countries as possible. Resources now total $5.5 million and are sufficient to cover all countries through the end of 1993. Programmes concentrate on support to the transition through short-term country strategies. High priority is given to capacity-building in several areas that will be incorporated into the country programmes for longer-term development. Programme resources come from core funds, trust funds and product-specific fund raising, mainly through multilateral regional packages. A target of $100 million per year has been set. The role of UNDP is evolving towards strengthening the link between the transition to a market economy and democracy, reorienting the transition towards human development and establishing new, equitable forms of regional cooperation.

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CONTENTS

		Paragraphs	Page
I.	PURPOSE	1 - 2	3
II.	COORDINATION	3 - 14	3
III.	TEMPORARY FIELD STRUCTURE	15 - 23	6
IV.	PROGRAMME ACTIVITIES	24 - 31	9
V.	PROGRAMME RESOURCES	32 - 37	11
VI.	COUNTERACTING THE DIVERSION OF RESOURCES FROM THE SOUTH TO THE EAST	38 - 40	12
VII.	THE EVOLVING ROLE AND FUNCTION OF UNDP IN THE REGION .	41 - 45	13

I. PURPOSE

1. In its decision 92/43 of 26 May 1992, the Governing Council decided to review at its special session in February 1993, on the basis of a report from the Administrator, the provisional action undertaken by the Administrator in the Baltic States and the Commonwealth of Independent States and the size of the budgetary envelope approved in the same decision. Particular emphasis was to be placed on an integrated United Nations system approach to and presence in the countries concerned.

2. A series of issues raised at informal consultations held with members of the Governing Council since its thirty-ninth session (1992) have been addressed in an informal question-and-answers paper circulated to members of the Council in early January 1993. The present report covers activities undertaken between June and December 1992 as well as the status of financial commitments assumed in implementing decision 92/43. Given the rapid pace of developments in this group of countries, the Administrator may, as needed, provide an update in the form of a conference room paper at the time of the special session of the Governing Council.

II. COORDINATION

3. The establishment of programmes and of a field presence in a group of new recipient member States represents an opportunity for a coordinated and integrated approach by the United Nations system to both its presence and its activities. The Administrator has emphasized that the situation in these countries - which are engaged in a complex process of societal transition and are confronted with an extremely fragmented offer of international cooperation that contrasts sharply with very scarce national management capabilities - requires assistance by the United Nations system in a coordinated fashion if it is to be effective and credible.

4. The Administrator has therefore proposed a strategy that is conducive to integrated United Nations system assistance to these countries. The highest immediate priority of this group of countries for cooperation with the United Nations system is support to the transition process (see sect. IV below). The UNDP staff in the Baltic States and the Commonwealth of Independent States have established, with their counterparts, short-term strategies for transition support by the United Nations system. These are adjusted frequently, taking into consideration both the changing requirements and the increasing interest of United Nations specialized agencies to participate in this process. Joint integrated country missions by several agencies have been undertaken already to the three Baltic States. Further examples relating to specific agencies are provided below.

5. The Administrator is convinced that the nature of multilateral support to the transition process requires a United Nations system physical presence, however small, at least temporarily. In order to provide integrated support,

such a presence must serve to make the expertise of the United Nations system - and related specialized information - accessible to those who need it to conduct and benefit from the transition. This presence has been termed "temporary United Nations Development Programme offices" in decision 92/43. Similar concerns have guided the Secretary-General when he decided to establish integrated "United Nations Interim Offices" in six of the countries of the former Soviet Union (document A/47/419/Add.3) and requested UNDP and the Department of Public Information to execute this decision. The principle of an integrated United Nations system presence in the countries of the region is being implemented in all countries of the region.

6. As regards the United Nations Secretariat itself, the concept of integrated United Nations Interim Offices became a reality in four countries by the end of November 1992. Agreement has been reached on the intricacies of operating these offices, as well as on a formula to share the costs of these offices between the United Nations Secretariat and UNDP. Single joint budgets have been established for the Interim Offices, to be managed by UNDP on behalf of both organizations.

7. UNDP has continued to use the mechanism of the Joint Consultative Group on Policy (JCGP) for fostering inter-agency coordination in these countries. Needs assessment missions for countries in the region have either been composed of personnel from organizations interested in specific countries or, where this was not possible, mission reports have been shared. The United Nations Secretariat and UNDP have decided on concrete programme interventions. The United Nations Population Fund (UNFPA) and the World Food Programme (WFP) have indicated their intention of working through UNDP in the region and the United Nations Children's Fund (UNICEF) has indicated its close interest in a number of specific countries. The Office of the United Nations High Commissioner for Refugees (UNHCR) has identified specific countries that need UNHCR assistance and has confirmed that it will take advantage of the United Nations offices or those of UNDP, as the case may be, in carrying out its programmes. In addition, a JCGP sub-group, which would deal specifically with joint programming in the Baltic States and the Commonwealth of Independent States at the technical level, is under consideration.

8. Other United Nations bodies have considered the subject of coordination in this group of countries. Pursuant to Economic and Social Council resolution 1992/40 of 30 July 1992, the Secretary-General reported to the General Assembly on the establishment of integrated United Nations Interim Offices in documents A/47/419/Add.3 and A/C.5/47/58. On the occasion of the Administrative Committee on Coordination (ACC) meeting held 20-21 October 1992, the Secretary-General further emphasized the concept of integrated Interim Offices for the organizations and programmes reporting to the General Assembly and its subsidiary bodies and invited agencies of the United Nations system to use these unified infrastructures in the countries concerned. Likewise the UNDP annual Inter-Agency Consultative Meeting, at which all United Nations bodies acting as UNDP executing agencies participate, reviewed the status of coordination of the United Nations system activities at the meeting held in New York on 9 to 10 December 1992.

9. As concerns the United Nations Economic Commission for Europe (UNECE), agreements are being worked out that will go, for the first time, beyond the traditional cooperation in the framework of the regional programme. UNDP and UNECE have cooperated in workshops and seminars on privatization and private sector development and have conducted joint missions to individual countries. It has also been agreed that, on a selective basis, specialized staff from UNECE will make their expertise available to individual countries by integrating themselves temporarily into the United Nations offices.

10. Discussions regarding coordination and a division of labour have also been held with the World Bank. In addition to regular coordination meetings in the field, headquarters staff involved in the countries of the former Soviet Union have agreed to meet twice a year. The Washington-Lisbon-Tokyo series of international conferences on the newly independent States, where UNDP has played the role of lead agency on technical cooperation within the United Nations delegation, has given a general aid coordination mandate to the World Bank. In this framework, the World Bank held the first four Consultative Group meetings in December 1992. Given UNDP's previous experience with both the Consultative Group and the round-table mechanisms for aid coordination, it has been agreed in principle that UNDP will be a statutory member of the Consultative Groups and will be charged with additional responsibilities for in-country follow-up of the meetings. This is expected to link up with UNDP activities in the field of national capacity-building for foreign aid management, which would be co-financed by the World Bank and UNDP. Discussions are being pursued with World Bank staff on the subject of involving UNDP and United Nations specialized agencies in the process of project identification, design and implementation.

11. In the context of Consultative Group meetings, cooperation has also been established with the Organisation of Economic Cooperation and Development (OECD), which has started to operate a register of projects for the newly independent States. United Nations Interim Offices and UNDP temporary offices will provide essential country-based information for the register, including that contained in Development Cooperation Reports, and will promote the use of the register in recipient countries as part of UNDP's national capacity-building efforts in the area of aid flow management.

12. Contact has also been made with the other statutory member of Consultative Groups, the International Monetary Fund (IMF). UNDP staff going on mission or on assignments to the countries of the region systematically visit the Fund. IMF and UNDP intend to cooperate in the improvement of national accounting and statistical systems, possibly through the establishment of a joint package of the type described in paragraph 33 below.

13. An agreement of cooperation is being finalized with the European Bank for Reconstruction and Development (EBRD). In October 1992, UNDP participated in a joint United Nations mission to EBRD headquarters, which was headed by the Executive Secretary of UNECE. While EBRD has the mandate for financing private enterprise emerging in the countries in transition in Eastern Europe and the former Soviet Union, EBRD financing is contingent upon profitability

criteria being met by each enterprise; this usually requires as a first step technical cooperation such as that provided by the United Nations system but which is not part of the EBRD mandate.

14. With regard to the European Community, country missions have regularly contacted representatives of the Commission of the European Communities where these had been established. Contacts are being intensified in all countries where United Nations Interim Offices or UNDP temporary offices are operational. The European Community shares the concern of UNDP and the World Bank for national capacity-building in foreign-aid management, and it is hoped that joint approaches can be initiated in this area. There is already close cooperation with the European Community in the field of the environment, particularly as regards activities in the Danube river basin and the Black Sea area that are financed largely by the Global Environment Facility (GEF).

III. TEMPORARY FIELD STRUCTURE

15. In its decision 92/43 of 26 May 1992, the Governing Council authorized the Administrator to open a limited number of temporary national and/or regional field offices in the new recipient countries, in line with the modest indicative planning figures (IPFs) it had approved for them. Accordingly, the Governing Council allocated for the opening of new temporary offices an amount of up to $3 million from within the approved 1992-1993 UNDP administrative budget and assigned priority to countries with the lowest gross national product (GNP) per capita and the highest IPFs. This approach required not only a much leaner staffing in these offices than in the traditional UNDP field office, but also innovative and cost-effective means of operation. It also meant that in countries with higher GNP figures, offices could be established only to the extent that additional financing became available.

16. It was further indicated that UNDP should examine the feasibility of regional offices for addressing the needs of countries in the region. The subject was carefully explored in discussions with the Governments of the region, both during the preparatory missions and through the Permanent Missions to the United Nations in New York. The view was unanimous that the most appropriate and effective manner in which the United Nations could be of assistance to these countries in the early phases of the transition would be through establishing a field presence in each country. With the changing political, social and economic situations in the region, and given the nature of past associations, each of the Governments was strongly of the view that a regional approach would not be appropriate at the present time. There seems to be a potential, however, for economies of scale through regionalizing some of the administrative support. The creation of a regional administrative support centre would require an initial investment for which resources are not available at present. The subject is being kept under review.

17. To ensure the establishment of a field presence in the region that is truly supportive of the process of transformation in these countries and to maximize the effectiveness of the contributions by the United Nations system,

UNDP has introduced a number of measures to compensate for the lean staffing available. The Division for Europe and the Commonwealth of Independent States has introduced an expanded network approach to manage its scarce resources. Through the distribution of substantive tasks to all members of the network in the principal areas where the United Nations are called upon to support the transition efforts - such as grass-roots private sector development, environment, human rights or electoral assistance - field offices will have access to a broad support which otherwise would not be available.

18. The expanded network is supported by three management functions based on the strategy for this region. First, operational support is designed to allow field offices to concentrate on substance, relieving them from unnecessary administrative services. Second, coordination, product development and resource mobilization are closely linked to the mandates of an integrated approach, complementarity with other aid programmes and the additionality of financing sources, stressed as principles to be followed in any UNDP presence in the region. Third, the decentralized network will provide information based on practical experience, an essential ingredient of the policy-shaping dialogue on transition efforts, which to date has been largely domineered by theoretical contributions. This policy function is likely to play an increasingly important role in promoting experience sharing and the build-up of new and more equitable forms of regional cooperation.

19. This entire concept becomes viable only with the establishment of a wide area network (WAN), a computer-driven and satellite-based communications system. WAN will assure effective information flow between field offices and their counterparts in the countries, the United Nations and UNDP headquarters, and, through a central European point, agency headquarters. A major portion of the equipment for this system and its installation is being provided by a group of European satellite communications firms from the Netherlands and Sweden, as a contribution in kind to UNDP. The cost of operating the system is much lower than any other available commercial rate, thus releasing resources that may be required for the Central Asian States, where this technology is not yet available. A contract was signed in December 1992 and it is expected that 11 stations will be in full operation before the end of the first quarter 1993. Moreover, in setting up the United Nations and UNDP offices in the region - after careful review of availability of furniture, equipment and supplies in the region, as well as transport logistics - it was determined that the most cost-effective method would be to establish a common start-up equipment and supply package and have the Inter-Agency Procurement Services Office (IAPSO) negotiate bulk procurement of the items in it for release to the offices, as they open. This procedure has been followed in the offices being opened.

20. At the time of reporting, preparations have been made for opening nine offices in the 13 countries from the former Soviet Union that were admitted as recipient Member States in 1992. Seven of these conform fully with the criteria of the Governing Council and/or those of the Secretary-General. They are: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Ukraine and Uzbekistan; the other two offices are located in Latvia and Lithuania.

Arrangements are being made to attend to the requests of the remaining three countries (Estonia, Moldova and Turkmenistan) as early in 1993 as possible. As shown in the table contained in the annex, the start-up cost for all these units is estimated at some $1.7 million; together with recurrent costs budgeted through the end of 1993 of about $2.9 million, this brings the total cost to $4.6 million. As it seems likely that Georgia, a Member State of the United Nations since August 1992, and Tajikistan, the poorest among the countries that emerged from the former Soviet Union, will become UNDP recipient countries during the current special session of the Governing Council, it seemed administratively and financially prudent to earmark the requisite amounts for establishing a presence in these countries even at this early stage. The Secretary-General has decided that Georgia would have a United Nations Interim Office, while Tajikistan meets the Governing Council criteria for a UNDP temporary office. Including these two offices, the total cost for the 1992-1993 biennium amounts to some $5.5 million.

21. On the financing side, the $3 million approved in decision 92/43 will be supplemented by roughly $0.5 million from recipient Governments for government local office costs, by approximately $0.3 million as an in-kind contribution from the private sector for the wide area network and by $1.1 million, on a temporary and reimbursable basis, from IPF resources from those countries with higher gross national products. The balance of $0.6 million will be met from an appropriation requested from the General Assembly by the Secretary-General for non-staff related resources in connection with the establishment of seven United Nations Interim Offices. The General Assembly is expected to address this issue at its resumed forty-seventh session in March 1993 in the light of a further report by the Secretary-General on the subject. Were a United Nations Interim Office to be established in Russia and were a UNDP presence also required in this framework, it is likely that the UNDP presence would operate under a special arrangement, as Russia has informed the Governing Council of its intent to assume a status similar to that of net contributor. UNDP continues its efforts to obtain additional resources that would allow for an early reimbursement of IPF resources advanced by some of the countries.

22. The transitional field structure being put in place on the basis of the considerations outlined above is designed solely to enable the United Nations and UNDP offices to provide the minimum of practical support to assist the Governments, United Nations specialized agencies, and multilateral and bilateral donors in achieving positive results from the dramatic change sweeping through each of these countries, as they make the transition to democracy and to a free market economy. Clearly, the United Nations Interim Offices and temporary UNDP offices would not have the staffing and other resources that would enable them to provide the broad range of services that are normally expected from established UNDP field offices. From the beginning, it was envisaged that these offices would be required to have a much more specific and narrow focus and would develop new and innovative methods of making a significant impact on several key areas. For example, providing impartial transition advice to Governments on major constraints they are facing in adjusting to the new framework in which their societies now

live; assisting Governments that are often inexperienced in their new responsibilities in the effective coordination of the many international interventions proposed to assist them through the transition phase; and laying the groundwork for crucial longer-term economic and social development initiatives that will be required to bring about self-sustaining national development.

23. Many bilateral donors do not presently envisage establishing local support mechanisms for whatever programmes of support they might embark upon to assist the region. Assistance to countries in the region in the form of trust funds for programmes that donors consider of high priority, management service agreements for bilaterally financed programmes, or cost-shared participation in initiatives with which they would like to be associated are but three examples of how UNDP could provide a cost-effective support service both to the donor community and the recipient countries. Similarly, it is envisaged that many Governments in the region may soon be in a position to cost-share a number of development initiatives, drawing on the access of UNDP to expertise throughout the world. Within the United Nations system, there are a number of programmes that could provide direct and practical assistance to each of the countries; channelling such assistance through UNDP would generate additional resources to finance the cost of maintaining a United Nations presence, including UNDP, in the country.

IV. PROGRAMME ACTIVITIES

24. Programme activities at this early stage are largely dominated by the transition process to a market economy and democracy that countries of the former Soviet Union have embraced. In some countries, however, developments are of such a nature that the transition process itself must be accorded less priority than more pressing demands for survival.

25. The first step taken by UNDP, beyond its involvement in humanitarian relief, has been to provide practical advice in support of the transition in all its facets. At a time when the leadership of the countries concerned is confronted with multiple demands, each more pressing than the other, it is essential to provide concrete elements of a short-term nature, immediately usable, easily adjustable and anchored in the current reality of each of the countries concerned. The contribution of UNDP field staff placed in-country but with access to the outside world is useful for the design of sound and credible frameworks, leading to the development of short-term country strategies. These, in turn, facilitate the dialogue between the countries concerned and the United Nations system. Their presence also constitutes a useful input for the new series of Consultative Group meetings organized by the World Bank, in which UNDP participates as one of the statutory members.

26. The professional capacity customary in the republics of the former Soviet Union, particularly in areas related to science and technology, has created a perception of competence that belies the pervasive inadequacy of managerial capacity in almost every field. This aspect receives far too little attention

from the countries' external partners, who are frequently more concerned with the delivery of capital assistance or the implementation of large-scale regular development operations. Capacity-building is a long-term proposition. UNDP and the United Nations system can make a difference in identifying and initiating assistance in carefully selected areas of capacity-building, linked to the most pressing needs of the transition process. A very cost-effective facility initiated in Poland in 1991, through which high-level expertise is made available in a quick-response mode for short-term assignments and which is known as the "Umb lla Project", is a typical example of that approach. Moreover, the use of pertise from within the region to help other countries of the region is expanding. UNDP is also in the process of testing an innovative strategy for preparing national expertise for international assignments, through training and certification of specialized personnel involved in the transfer of know-how.

27. One particular area of capacity-building - aid management and resource mobilization - was high among the priorities recommended by a group of country officials from 14 of the newly independent States, who attended a workshop organized jointly by Poland and UNDP in September 1992. The purposes they identified were concrete: to increase their absorptive capacity beyond the current percentage of resources flows, estimated at less than 20 per cent of resources approved and allocated by the donor community; to enhance the impact of existing resources; to shift from a supply-driven to a demand-driven modality of cooperation; and to minimize the accumulation of debt-creating assistance while reducing the recurrent costs associated with cooperation modalities. Various areas of UNDP cooperation were identified by the group to address this aspect. They included a capacity-building initiative at the intercountry level designed to achieve economies of scale and facilitate the sharing of concrete experiences; national technical cooperation assessment and programmes (NATCAP) exercises; access to information and expertise using the team of resident UNDP professionals as facilitators and taking full advantage of the wide area network of computer communication; training for newly appointed aid management staff; and short-term staff exchanges among the countries.

28. The pace of programme development will follow a similar curve: from short-term strategies to the elaboration of country programmes, containing both the element of transition support - including the area of democratization and the role of civil society, along with such critical areas as entrepreneurship development, management training and environmental initiatives - and medium-term development. These country programmes will be elaborated following the initial stage, when longer-term issues can receive proper attention.

29. Regional and subregional cooperation through UNDP in Europe was very active during the fourth programming cycle. Over the last two and a half years, this form of cooperation, through which experience and insights were gained in crucial aspects of the transition process, has itself undergone a complete transformation, still unfinished. The regional programme is now facing the challenge of having to support a number of countries that has more

than doubled, with resources decreased by 60 per cent. This at a time when the approaches it has developed in areas such as enterprise restructuring, privatization, environment, management development and transport are direly needed in the subregion concerned. For this reason, existing resources can be used only as seed money to develop sound proposals that are attractive to other donors.

30. An important area that UNDP will promote further is that of interregional cooperation, in the forms of both assistance from other regions to the countries in transition - some small-scale initiatives have already been taken with almost every region of the world - and an East-South technical cooperation among developing countries (TCDC) modality. Both flows could greatly benefit from triangular arrangements with interested donors.

31. In short, the UNDP programme aims at meeting immediate needs where it can make a difference as a facilitator whose credibility depends greatly on a small team of dedicated staff and expertise, judiciously deployed and coordinated.

V. PROGRAMME RESOURCES

32. A small amount of core resources has been approved by the Governing Council for each recipient country in line with criteria for IPFs and data available on the countries concerned. These resources represent less than one half of one per cent of fifth cycle IPF resources.

33. The second tier of resources takes the form of the Trust Fund for the Baltic States, which was entrusted to UNDP by the Secretary-General, and the Trust Fund for the Commonwealth of Independent States. These resources will supplement IPF funds enabling the countries and the organizations of the United Nations system to develop projects and programmes, at both national and intercountry level, thereby attracting further funding.

34. These projects and programmes will constitute the third tier of what has been termed "product-specific" programme resources mobilization. At this level, priority is being given to activities that should be handled at the multilateral level and for which the United Nations system has a comparative advantage. Examples of regional or subregional packages on which UNDP has started work include: (a) with the World Meteorological Organization (WMO), the recovery of the network of meteorological stations in the countries of the Central Asian region without which international weather forecasting and commercial flight operations would be severely jeopardized; (b) with the United Nations Conference on Trade and Development (UNCTAD), national capacity-building on the extremely competitive international basic foodstuffs markets of traders charged with importing these commodities, especially during the transition period; (c) with the Department for Economic and Social Development (DESD) of the United Nations Secretariat and the United Nations Institute for Training and Research (UNITAR), institution-building and training in national capacities in external relations and international

negotiations; and (d) with the International Atomic Energy Agency (IAEA), technical cooperation and capacity-building for national regulatory bodies in connection with the introduction of enhanced safety features of nuclear power plants and radiation protection in countries of the former Soviet Union.

35. The Governing Council has encouraged the Administrator to make use of other sources of funds available to the Programme, as appropriate. In pursuance of this recommendation, Special Programme Resources, including those allocated to the Management Development Programme (MDP), have been utilized. As of November 1992, MDP missions were carried out to Estonia, Kyrgyzstan, Latvia, Lithuania, Turkmenistan and Ukraine. In the area of environment, a proposal for financing by the Global Environment Facility is being prepared.

36. The Administrator trusts that, for the types of activities described above, some $100 million per year (covering all sources of funds) would be an appropriate target. This seems feasible since indications are that as of late November 1992 approximately one third of the 1993 target had been reached. It is expected that the start of operations at the country level will have a discernible impact on resource mobilization, as country-specific short-term strategies are further developed and implemented.

37. In decision 92/43, the Governing Council encouraged the Administrator to complement country IPFs through other programmable resources, including non-convertible currency holdings. Since non-convertible resources are not funds over and above IPF allocations, but an integral part of them, their utilization tends to improve the financial liquidity of UNDP and can thus affect the overall availability of IPF resources. Accordingly, attempts have been made to effect a number of rouble transfers in connection with the United Nations Interim Offices in Belarus and Ukraine. The Programme's rouble holdings have decreased to a point which, if the situation persists, might enable the elimination of roubles from the list of non-convertible currency holdings.

VI. COUNTERACTING THE DIVERSION OF RESOURCES FROM THE SOUTH TO THE EAST

38. As part of a conscious endeavour to restrain diversion of resources from countries that receive Official Development Assistance (ODA), UNDP is developing an approach to trilateral cooperation, including countries from the South, the East and the West. This cooperation modality would enable countries of the former Soviet Union to bring their expertise to bear in aid programmes in the developing countries, while Western donor resources would provide temporary financial support. It would also help the countries of Eastern Europe and the Commonwealth of Independent States to maintain cooperation with the developing countries until they approach net contributor status, to which they aspire. The countries of the region are aware of the fact that, prior to the transition, which is placing a heavy strain on their domestic resources, the technical cooperation programme of the Soviet Union provided close to 10 per cent of ODA. Trilateral cooperation requires a

multilateral ingredient to function effectively and it is expected that the UNDP network of field offices world wide will play an important role in making it operational.

39. When 13 of the countries that had evolved from the former Soviet Union joined the Programme in 1992, none of them was accorded ODA status. Meanwhile, OECD has assigned ODA status to the five countries of the Central Asian region of the former Soviet Union, including Uzbekistan, the only country of this group having obtained an IPF in excess of $10 million. The availability of a significant amount of core programming resources and its location within the subregion will make the Tashkent office very soon similar to other UNDP field offices and it is expected that this United Nations Interim Office will be the first one to be requested to accommodate representatives of other United Nations programmes and agencies. More countries of the region might receive ODA status at a later stage.

40. The Administrator's efforts to mobilize funds in addition to the Programme's core resources and to design new forms of South-East cooperation, a variant of TCDC, are designed to avoid the possible diversion of resources from the South to the East, or from countries receiving ODA to those not receiving ODA. In implementing programmes in the countries of the region, resources available in the South, such as Latin American expertise in the design and conduct of privatization programmes, are being used by UNDP and the agencies. Egypt's participation in the Warsaw workshop on aid management for the countries of the former Soviet Union has been a determining factor in ensuring the success of the impact of international cooperation in this area.

VII. THE EVOLVING ROLE AND FUNCTION OF UNDP IN THE REGION

41. In line with the priority given to transition support, which is by its nature a temporary effort taking place in a rapidly changing environment, the role and function of UNDP in the region will change over time. The Governing Council held fruitful discussions on this issue at its thirty-ninth session (1992), considering the comparative advantages of UNDP, examining the complementarity of its cooperation with the countries of the region and focusing on the areas in which the particular capabilities of the Organization can provide a unique response. Some trends have already emerged from less than one year of practical experience.

42. There is an increasing awareness of the fact that the transition to market economy rule and the transition to democracy are closely linked and that the credibility of one depends on progress made in the other. Foreign cooperation has so far concentrated on providing assistance to one or the other of the facets of transition. The nature of the link between the two has hardly been looked into and only a few attempts have been made to strengthen these links. Work in this crucial area requires delicate national choices and countries of the region are increasingly looking to the United Nations system for advice and support in this context, with the aim of raising confidence in the reform programmes on the part of both the national populations and the

international community. The initial short-term country strategies now becoming available bear this tendency out.

43. Hardships for large segments of the population have been escalating as the early stages of the transition proceed. Countries have therefore increasingly turned to UNDP and the United Nations system to help them reorient their transition processes towards human development, which is seen not only as a long-term development option, but also as an indispensable element of the infrastructure for future development that is being built during the transition and as an element for making the burden resulting from the transition bearable to the most disadvantaged groups in each country.

44. National capacity-building in foreign aid management and international negotiations has been confirmed as an important element of UNDP cooperation. The combination of such operations with national umbrella-type facilities for quick-response, short-term expertise in support of critical elements of reform programmes is proving useful in most countries.

45. There is also increasing recognition of the fact that new and equitable forms of regional cooperation can have a positive impact even during the transition phase of all countries in this group. Most countries feel that their membership in the United Nations and the organizations of the system provides at this time the only credible platform for building up new and productive patterns of regional cooperation.

Annex

UNDP PRESENCE IN THE BALTIC STATES AND THE COMMONWEALTH OF INDEPENDENT STATES:
COST ESTIMATES AND SOURCES OF FINANCING (1992/1993)

Country and type of office (0)	GLOC waiver (1)	Months 92/93 Intl staff (2)	Months 92/93 local (3)	Total costs (gross) a/ Recurrent (per year) Intl (DP) (4)	Recurrent (per year) Local (5)	Total recurrent (92/93) Intl (DP) (6)	Total recurrent (92/93) local (7)	Total recurrent (92/93) Total (8)	Start-up (9)	Sources of financing United Nations a/ (10)	Government (11)	IPF (12)	Others (13)	GC allocation (GC 92/43) (14)
	(%)													
Armenia (IO/UN)	25	14	12	120.0	99.0	140.0	99.0	239.0	147.6	84.1	59.3	150.0	0.0	93.3
Azerbaijan (TO/UN)	50	14	12	120.0	99.0	140.0	99.0	239.0	147.6	91.0	39.5	0.0	0.0	256.1
Belarus (IO/DP)	25	14	12	150.0	99.0	175.0	99.0	274.0	147.6	84.1	59.3	150.0	0.0	128.3
Estonia (TO/DP)	25	8	6	150.0	84.5	100.0	42.3	142.3	139.6	0.0	24.2	200.0	0.0	57.7
Georgia (IO/UN)	25	9	7	120.0	99.0	90.0	57.8	147.8	147.6	77.4	34.6	0.0	0.0	183.4
Kazakhstan (IO/DP)	50	12	10	150.0	99.0	150.0	82.5	232.5	147.6	87.2	32.9	0.0	0.0	260.0
Kyrgyzstan (TO/DP)	50	12	10	150.0	84.5	150.0	70.4	220.4	139.6	0.0	26.9	0.0	0.0	333.1
Latvia (TO/DP)	25	16	13	150.0	84.5	200.0	91.5	291.5	139.6	0.0	52.4	200.0	0.0	178.7
Lithuania (TO/DP)	25	15	12	150.0	84.5	187.5	84.5	272.0	139.6	0.0	48.4	200.0	0.0	163.2
Moldova (TO/DP)	50	11	9	150.0	84.5	137.5	63.4	200.9	139.6	0.0	24.2	0.0	0.0	316.3
Russia (IO/UN)	0	0	0	150.0	84.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tajikistan (TO/DP)	50	6	4	150.0	84.5	75.0	28.2	103.2	139.6	0.0	10.8	0.0	0.0	232.0
Turkmenistan (TO/DP)	25	6	4	150.0	84.5	75.0	28.2	103.2	139.6	0.0	16.1	0.0	0.0	226.6
Ukraine (IO/DP)	25	14	12	150.0	99.0	175.0	99.0	274.0	147.6	84.1	59.3	150.0	0.0	128.3
Uzbekistan (IO/DP)	50	12	10	150.0	99.0	150.0	82.5	232.5	147.6	87.2	32.9	0.0	0.0	260.0
Central support									183.0				0.0	183.0
Communications network (b)									315.0				315.0	0.0
Subtotal IOs		89	75	960.0	693.0	1 020.0	618.8	1 638.8	1 282.2	595.0	317.6	450.0	157.5	1 400.8
Subtotal TOs		74	58	1 200.0	676.0	925.0	408.4	1 333.4	1 226.2	0.0	202.9	600.0	157.5	1 599.2
Total		163	133	2 160.0	1 369.0	1 945.0	1 027.2	2 972.2	2 508.4	595.0	520.6	1 050.0	315.0	3 000

a/ Excluding costs of United Nations international and local staff.

b/ Contribution equivalent to $315,000 from a Swedish/Netherlands joint venture company representing lease charges for three years pertaining to initial hardware and installation of UNDP access to a satellite communications network covering eastern European countries and the Commonwealth of Independent States.

UNDP PRESENCE IN THE BALTIC STATES AND THE COMMONWEALTH OF INDEPENDENT STATES: COST ESTIMATES AND SOURCES OF FINANCING (1992/1993)

Explanatory notes

1. GENERAL

1.1 Column (0): Country and type of office

There are two types of offices:

(a) Interim United Nations Offices:

(i) Headed by the United Nations (IO/UN)

(ii) Headed by UNDP (IO/DP)

(b) UNDP temporary office (TO/DP)

1.2 Column (1): GLOC waiver

Based on UNDP policies and procedures, host Governments contribute towards local office costs. Local office costs are defined as all recurrent office costs, excluding international staff costs and international travel. Depending on 1989 per capita GNP, a waiver is granted. It is assumed that office space will be made available free of charge.

1.3 Columns (2) and (3): Months 92/93

Number of months UNDP international staff will be assigned (column (2)) and number of months offices themselves will be fully operational during the 1992/1993 biennium.

2. ESTIMATES OF TOTAL GROSS COSTS

2.1 Columns (4) and (5): Recurrent (per year) international staff and local

Recurrent UNDP international staff costs per year in column (4) and recurrent local office costs (including UNDP local staff) in column (5). For purposes of estimating costs, average level of head of office is P-5/D-1 and average level of deputy is P-4. Pending final determination of post adjustments average post adjustment multiplier used is 30 to take into account extra costs in connection with initial assignments.

2.2 Columns (6), (7) and (8): Recurrent (92/93) international staff, local and total

As columns (4) and (5), but taking into account number of months UNDP international staff assigned and office operational during 1992/1993 biennium.

2.3 Column (9): Start-up

Estimates for start-up costs based on minimum standardized package prepared by IAPSO.

3. SOURCES OF FINANCING

3.1 Column (10): United Nations

For interim United Nations/UNDP offices, the United Nations pays 50 per cent of recurrent and start-up costs after deduction of the contributions by Governments (see column (10)) and up to a maximum of $595,000 for the remainder of the 1992/1993 biennium. In addition, the United Nations will finance one international (either the head or deputy of the interim office) and one local staff post.

3.2 Column (11): Governments

Calculated on the basis of estimated office costs in accordance with the principles mentioned in note 1.2 above.

3.3 Column (12): IPF

IPF resources may be used as a pre-financing facility until sufficient extrabudgetary resources have been generated to cover office costs directly and to reimburse the IPFs if applicable. Specific agreements have been concluded with host Governments in this respect.

3.4 Column (13): Others

A Swedish/Netherlands joint venture company assumes lease charges for three years pertaining to initial hardware and installation costs for UNDP access to a satellite communications network covering eastern European countries and the Commonwealth of Independent States. The value of this contribution in-kind is FLS 560,800 or approximately $315,000.

3.5 Column (14): GC allocation (GC 92/43)

This column provides the amounts planned to be charged to the $3 million allocation approved by the Governing Council in its decision 92/43.